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October 31, 2000

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Mr. David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Reference: FERC Docket No. RT01-35-000

Dear Secretary Boergers:

Enclosed please find one original and fourteen copies of the "Motion for Leave to Intervene and Protest of the Colorado River Commission of the State of Nevada" in the above-referenced docket.

Service has been made on parties on the service list. Please date stamp and return to us in the enclosed self-addressed and stamped envelope the two extra copies provided herein for that purpose.

Sincerely,


Gerald A. López
Senior Deputy Attorney General

Enclosures as stated

GAL:jhb
c: Service List

1 UNITED STATES OF AMERICA
2 FEDERAL ENERGY REGULATORY COMMISSION

3 Avista Corporation,)
4 The Bonneville Power Administration,)
5 Idaho Power Company,)
6 The Montana Power Company,)
7 Nevada Power Company,)
8 PacifiCorp,) Docket No. RT01-35-000
9 Portland General Electric Company,)
10 Puget Sound Energy, Inc.,)
11 Sierra Pacific Power Company)

12 MOTION FOR LEAVE TO INTERVENE AND
13 PROTEST OF THE COLORADO RIVER COMMISSION
14 OF THE STATE OF NEVADA

15 On October 23, 2000, Avista Corporation, the Bonneville Power Administration, Idaho
16 Power Company, the Montana Power Company, Nevada Power Company, PacifiCorp, Portland
17 General Electric Company, Puget Sound Energy, Inc., and Sierra Pacific Power Company
18 (collectively, "the filing utilities") filed a "Supplemental Compliance Filing and Request for
19 Declaratory Order Pursuant to Order 2000." Among other things, this filing describes the filing
20 utilities' proposal to form a regional transmission organization (referred to as "RTO West") that
21 complies with the requirements of the Commission's Order 2000. The filing also requests an
22 expedited declaratory order from the Commission that certain aspects of the proposal, including
23 the proposed governance documents and the scope and configuration of RTO West, are in
24 accordance with applicable requirements under Order 2000.

25 Notice of the filing was given on October 24, 2000, and motions to intervene and protests
are due on November 20, 2000. Pursuant to Rules 211 and 214 of the Rules of Practice and
Procedure of the Federal Energy Regulatory Commission ("Commission" or "FERC"), 18 C.F.R.
§§ 385.211 and 385.214, the Colorado River Commission of the State of Nevada ("CRC") hereby

1 moves to intervene as a party in the above-captioned proceeding, and protests certain aspects of
2 this filing.

3 The names and addresses of the persons to whom communications concerning this
4 proceeding should be addressed are:

5 Gail Vandormolen, Deputy Executive Director
6 Gerald A. López, Senior Deputy Attorney General
7 Colorado River Commission of the State of Nevada
8 555 East Washington Avenue, Suite 3100
9 Las Vegas, Nevada 89101-1048

10 **I. Motion for Leave to Intervene**

11 In support of this Motion, the CRC states as follows:

12 The CRC is a state agency created by and existing under the laws of the State of
13 Nevada, Nevada Revised Statutes (NRS) §§ 538.041 to 538.251, inclusive. Pursuant to NRS
14 538.161(2), 538.181 and 704.987, the CRC provides electric service to certain customers.
15 These customers include five utilities, the Southern Nevada Water Authority, and CRC's
16 "industrial customers": Basic Water Company and the five producing companies comprising
17 the Basic Industrial Complex near Henderson, Nevada. Currently, CRC's loads reside within
18 Nevada Power's control area, and CRC purchases electric services, including scheduling and
19 other ancillary services, from Nevada Power under the company's Electric Service
20 Coordination Tariff. The CRC also purchases power from the marketplace to serve its retail
21 and wholesale customers. CRC has an interest in ensuring that the scope and configuration of
22 any regional transmission organization that Nevada Power might join is truly consistent with
23 the Commission's RTO goals, satisfies the Commission's market power concerns, and will
24 not adversely impact southern Nevada consumers.

1 These interests of CRC cannot be adequately protected by any other party.
2 Accordingly, the CRC requests that it be permitted to intervene in this proceeding with full
3 rights and party status.

4 **II. Protest**

5 The CRC protests the filing utilities' request for an expedited declaratory order because
6 the CRC believes that RTO West's scope and configuration are inappropriate. More
7 specifically, the CRC protests the inclusion of Nevada Power Company ("Nevada Power") in
8 RTO West. Among other factors, an RTO with the appropriate scope and configuration should
9 resolve loop flow issues, offer transmission service at non-pancaked rates, improve operations
10 and planning, and coordinate transmission expansion. The boundaries of a regional
11 transmission organization ("RTO") should encompass one contiguous geographic area,
12 encompass a highly interconnected portion of the grid, recognize trading patterns, and take
13 existing regional boundaries into account. The CRC believes that Nevada Power's
14 participation in RTO West ignores all of these factors.

15 With the exception of a single 345-kV tie with PacifiCorp in southwestern Utah,
16 Nevada Power has no direct electrical connections with the remaining RTO West participants,
17 all of whom are members of the Northwest Power Pool. All of Nevada Power's other
18 transmission interconnections are with entities in the Desert Southwest and California. The
19 filing utilities' proposal to include Nevada Power in RTO West in effect ignores the electrical
20 realities of Nevada Power's existing interconnections. The filing utilities' proposal further
21 ignores the commercial reality that Nevada Power purchases a large percentage of its resources
22 from the Desert Southwest region, and has entered into reserve sharing and other commercial
23 arrangements with Desert Southwest entities. All of these factors indicate that it is
24 inappropriate for Nevada Power to participate in RTO West.

1 The CRC appreciates the desire of the six investor-owned utilities that are proposing to
2 form the Independent Transmission Company, TransConnect, to participate in the same RTO.
3 However, it is inappropriate for RTO West to ignore the electrical realities of their member
4 systems when evaluating which should be included in RTO West and which should not. In the
5 future, TransConnect, or any other member system of RTO West may merge its transmission
6 assets with a company outside the geographic area currently proposed by RTO West. In that
7 instance, it will be incumbent upon RTO West to evaluate whether or not including the assets
8 of the company outside of RTO West's geographic area is appropriate. The requirements of
9 open architecture should dictate that an Independent Transmission Company be flexible enough
10 to have portions of its assets included in different RTOs if that is more consistent with FERC's
11 goals.

12 The result of incorrectly drawing the RTO boundaries is financial harm to the CRC and
13 its customers. As stated above, currently, the CRC's loads reside within Nevada Power's
14 control area and CRC purchases electric services, including scheduling and other ancillary
15 services, from Nevada Power. The CRC also purchases power from the marketplace to serve
16 its retail and wholesale customers. To a large extent, the power that CRC purchases comes
17 from the Desert Southwest region. Once the Desert Star Independent System Operator ("Desert
18 STAR") is formed, much of the power the CRC buys will continue to originate in the Desert
19 Southwest, within Desert STAR. If Nevada Power is not a member of Desert STAR, financial
20 penalties will be imposed on CRC for using Nevada Power for control area services, as well as
21 on any other customer of Nevada Power receiving energy from sources in the Desert Southwest
22 and using transmission services arranged through Desert STAR. The financial penalty results
23 because Desert STAR will assess fees for energy transmitted to its interconnection with Nevada
24 Power and RTO West, and a second fee will be assessed for the delivery of that energy from the
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1 interconnection to the load within RTO West. If Nevada Power were a member of Desert
2 STAR, only a single fee would apply for delivery of energy from source to load.

3 Discussions on these and other "seams" issues have only just begun. The CRC believes
4 it is inappropriate for FERC to rule on the scope and configuration of RTO West without
5 having a thorough understanding of how all of the proposed RTOs in the Western region will
6 interact with one another. Instead, the CRC believes it would be appropriate for FERC to host
7 a technical conference to address the issues raised by CRC. The CRC believes an open
8 exchange of information between the filing utilities, particularly Nevada Power, FERC, and the
9 southern Nevada stakeholders is needed to reassure FERC and these stakeholders that the filing
10 utilities' proposal to include Nevada Power in RTO West is consistent with FERC's RTO
11 goals, and will not adversely impact southern Nevada consumers.

12 If FERC instead rules that the scope and configuration of RTO West are appropriate, the
13 CRC requests that FERC order Nevada Power to make a showing that no economic harm will
14 come to southern Nevada as a result of their decision to join RTO West. In the alternative,
15 CRC requests that FERC direct the filing utilities to hold the CRC and its customers harmless
16 from any additional costs that may result from the Nevada Power's inclusion in RTO West.

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Respectfully submitted,

FRANKIE SUE DEL PAPA, Attorney General
State Bar No. 000192

Dated:
October 31, 2000

By: Gerald A. López
Gerald A. López
State Bar No. 000305
Senior Deputy Attorney General

Colorado River Commission
555 East Washington Avenue, Suite 3100
Las Vegas, Nevada 89101-1048
(702) 486-2670

CERTIFICATE OF MAILING

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day served a copy of the foregoing document on persons designated on the official service list compiled by the Secretary in this proceeding.

Joan Bechtloff
Joan Bechtloff
An employee of the
Colorado River Commission

October 31, 2000